the granting of an injunction would have enabled petitioners either to appropriate the good will developed by respondents since 1945, legitimately and in good faith, in their "Haymaker" sportswear trademark, or to levy tribute upon respondents. In this case, it is petitioners who have sought to reap where respondents have sown and to perpetrate, not prevent, acts of commercial unfairness. It would be difficult indeed to find a case where the record is as barren of any evidence of commercial unfairness as in the case now under consideration.

The Salient Facts

Petitioners manufacture and sell moccasin type, comfortable women's walking shoes under the trademark "Haymakers" (R. 495a; F-2, R. 511a). Respondent Haymaker Sports, Inc., a subsidiary of respondent David Crystal, Inc., manufactures and sells an extensive line of fashionable, stylish women's sportswear, including blouses, shirts, skirts, dresses, suits, playsuits and miscellaneous separates under the trademark "Haymaker" (R. 495a; F-3, R. 511a).

Commencing in 1941, petitioner Avon Shoe Co., Inc. sold some shoes on which was imprinted the style name "Haymakers" (R. 495a; F-16, R. 518a). Petitioner Haymaker Shoe Corp., a subsidiary of petitioner Avon Shoe Co., Inc. was incorporated in Massachusetts in 1950 (F-1, R. 511a).

Respondents' first use of the word "haymaker" was in 1943 when a dress of respondent David Crystal, Inc. was advertised under the punch line, "a haymaker!" (F-7, R. 512a; R. 44b).

On April 2, 1945, respondent Haymaker Sports, Inc. was incorporated in New York. From April 1945 through November 1945, respondent Haymaker Sports, Inc. marketed its women's sportswear under the trademark "Haymaker Sports"; beginning in December 1945 and continuously since then, respondents' sportswear has been marketed under the trademark "Haymaker" (F-7, R. 512a).

The critical year in this litigation is 1945, when respondents in good faith selected and began to use their "Haymaker" sportswear trademark. At that time, petitioners' "Haymakers" shoe name "was relatively unknown to both women consumers and members of the women's apparel trade" (Pet. 25).

The shoe name, "Haymakers", at no time became associated in the public mind with petitioners or acquired a secondary meaning (R. 498a; F-29, R. 525a). On the other hand, respondents' "Haymaker" women's sportswear line found popular acceptance upon its introduction in 1945; developed an excellent reputation for quality and style; and rapidly became known to the public which requested "Haymaker" sportswear by name (F-7, R. 513a). Respondents' "Haymaker" sportswear line "from soon after its inception has been far more widely known" than petitioners' "Haymakers" shoe (Pet. 26).

Petitioners' trademark "Haymakers" for shoes was registered by the Patent Office for the first time on March 25, 1952, two months after respondents' trademark "Cynthia of Haymaker" had been registered on January 22, 1952 for items of women's sportswear, and while respondents' 1949 trademark application for registration of the trademark "Haymaker" for items of women's sportswear was pending (R. 497a, 515a).*

This suit was instituted on October 28, 1953, after more than eight years of concurrent use of the shoe and sportswear trademarks, and after respondents had established a substantial and nationwide business (R. 498a).

On October 20, 1953, respondent Haymaker Sports, Inc. had filed an application to register the mark "Haymaker" for women's sportswear. On March 12, 1954, the Patent

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* The history of the trademark applications of the parties is set forth in the District Court's findings (F-9 to F-13, R. 514a-517a; F-20, R. 520a-521a).

Office found that respondents' "Haymaker" mark when applied to women's sportswear was not "confusingly similar" to petitioners' registered shoe marks, and passed the respondents' "Haymaker" mark for publication in the Official Gazette of June 15, 1954, on which date the said mark was so published (F-20, R. 520a). Registration of the "Haymaker" sportswear trademark has not issued and the 1953 application is still pending, only because of the opposition thereto filed by petitioners and the staying of the whole matter by the Patent Office pending the outcome of this suit (F-20, R. 520a).

The Decision of the District Court

The judgment of the District Court dismissed on the merits petitioners' complaint which sought an injunction and an accounting and damages (R. 537a, 6a-7a). It also granted the relief requested in respondents' counterclaim to the extent of (a) adjudging that respondents' trademark "Haymaker" on women's sportswear does not infringe any of petitioners' trademark rights, and (b) directing the Commissioner of Patents to register respondents' "Haymaker" trademark for women's sportswear pursuant to their pending 1953 application (R. 537a).

The District Court reached its decision by balancing the equities "on the scales of conscience and fair dealing" (R. 500a). The equities were found to "weigh heavily" in respondents' favor (R. 510a).

In reaching this conclusion, the trial judge considered as relevant factors, among others, respondents' good faith (R. 495a-496a); the fact that petitioners' shoe name was merely a style or pattern name in 1945 and not a trademark (R. 496a; F-8, R. 514a); the payment by respondents of their own way in the promotion and advertising of their fashionable sportswear line (R. 498a); the concurrent use of the name "Haymaker" or "Haymakers" by respondents and petitioners for over eight years before the institu-

tion of this suit (R. 498a); the fact that petitioners' comfortable moccasin walking shoe and respondents' fashionable and stylish line of sportswear attract different segments of the feminine purchasing public (F-32, R. 527a); the fact that there has been only about a one per cent overlap in the sales outlets that sell both petitioners' and respondents' products (R. 496a); the fact that in the small number of retail stores common to petitioners and respondents where the "Haymakers" shoe was introduced subsequent to 1945, the "Haymaker" sportswear line had been introduced first (F-24, R. 523a); the absence of actual consumer confusion or likelihood of confusion (F-31, R. 526a); the absence of any staining or tarnishing whatsoever of the reputation of the "Haymakers" shoe by respondents (R. 510a), as admitted by petitioners' officials (R. 58b-60b); and the fact that petitioners' expansion into respondents' field was only a mere possibility and nothing more (R. 497a).

The Decision of the Court of Appeals

The Court of Appeals affirmed the District Court's judgment (Pet. 37). It held that the District Court's finding "as to the defendants' good faith may not be disturbed" (Pet. 28), and reached its decision by balancing the "conflicting interests" which were found to preponderate in respondents' favor (Pet. 31-32). Following its previous decisions, the Court of Appeals further held that there were "but two legitimate interests" of petitioners to be considered; namely, their expansion and reputation interests (Pet. 30-31). The court observed that the possibility of petitioners' future expansion into the women's sportswear field is "slight" and that the probabilities are "slight" that respondents will ever tarnish petitioners' mark by producing inferior products (Pet. 32). Indeed, as the court pointed out, "defendants' widespread quality reputation has actually enhanced and will in all

probability continue to enhance the value of plaintiffs' mark" (Pet. 32). The court concluded (Pet. 32):

> "* * * Weighed against defendants' interests in preserving the substantial good will they have created by means of their extensive, concurrent use of the 'Haymaker' mark in good faith, the plaintiffs' interests and any resulting confusion are factors too slight to outweigh the defendants' interests."

In reaching its decision, the Court of Appeals reversed the District Court's finding of absence of likelihood of confusion, although it pointed out that "the likelihood of public confusion and of private harm is slight" (Pet. 29, 36). The Court of Appeals reversed the finding of the District Court that the goods of the parties were unrelated, and held that the goods were related (Pet. 28, 29). The Court of Appeals, by referring to petitioners as the "senior user" of the trademarks in question (Pet. 30), reversed by implication the finding of the District Court that in 1945, when respondents adopted their "Haymaker" sportswear trademark, the "Haymakers" shoe name was a style or pattern name and not a trademark.

The result below, whether reached by the path of the District Court or the path of the Court of Appeals, was, as we shall show, correct and not in conflict with the decision of any other Court of Appeals.

Argument

Petitioners' argument that the first user of a trademark has an absolute right to enjoin its use on related goods where there is some likelihood of confusion, is based upon an untenable construction of the Lanham Act and upon erroneous factual premises. The decision of the Court of Appeals below is not in conflict with the decision of any other Court of Appeals. Moreover, the judgment below is sustained by the defense of laches and the statutory defense under the Lanham Act.

I

The Lanham Act does not give the first user of a trademark an absolute right to enjoin its use on related goods where there is some likelihood of confusion.

Petitioners' argument that the first user of a trademark has an absolute right to enjoin its use on related goods where there is some likelihood of confusion (Pet. 5, 6) is based upon their untenable construction of 15 U. S. C. A. § 1114(1).

In reply to this argument, the Court of Appeals stated (Pet. 30):

> "While this argument, perhaps quite literally, paraphrases the wording of the Lanham Act, 15 U. S. C. A. § 1114(1), it is perfectly clear that this Court, at least, has never subscribed to such a restrictive reading of the Act as would empower a first user, solely because of his priority, to automatically enjoin the use of the mark by an innocent junior user on related goods in every case where confusion of source of origin is likely."

In *S. C. Johnson & Son* v. *Johnson*, 175 F. 2d 176, 179, 180 (2 Cir.), cert. denied 338 U. S. 860, Judge Learned Hand pointed out:

> "• • • there is the strongest possible reason for not reading the language [of 15 U. S. C. A. § 1114(1)] literally, because to do so would frequently result in great hardship to others, and give to the first user of a mark a wholly unjustified power to preempt new markets. • • •
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> • • • If Congress really meant to allow every first user of a mark so to stifle all excursions into adjacent markets upon showing no more than that confusion would result, it seems to us that it would have said so more clearly."

In light of this sound construction of 15 U. S. C. A. § 1114(1), the first user of a trademark does not have an

absolute right to enjoin its use on related goods where there is some likelihood of confusion. The legality of the concurrent use of similar trademarks on non-competing goods in adjacent markets depends in each case upon equitable considerations involving a balancing of the equities (*Dwinell-Wright Co.* v. *White House Milk Co.*, 132 F. 2d 822, 825 [2 Cir.]), as the District Court held, or a balancing of the conflicting interests, as the Court of Appeals held. The foregoing construction of 15 U. S. C. A. § 1114(1) is supported by other provisions of the Lanham Act which clearly indicate that the rights of a first user of a registered trademark are not absolute.

Petitioners' registration of its "Haymakers" trademark for shoes (F-13, R. 517a) does not carry any presumption, statutory or otherwise, of the right to use that mark on non-competing products. The Lanham Act distinguishes between the use of a registered trademark on the same product, and its use on a different product. The statute, while providing that a certificate of registration is *prima facie* evidence of the "registrant's exclusive right to use the mark in commerce", expressly limits that rebuttable presumption to "the goods and services specified in the certificate." 15 U. S. C. A. § 1057(b); *Sears, Roebuck and Company* v. *All States Life Insurance Company*, 246 F. 2d 161, 167-168 (5 Cir.), cert. denied 355 U. S. 894 (automobile insurance v. life insurance); *California Fruit Growers Exchange* v. *Sunkist Baking Co.*, 166 F. 2d 971, 974 (7 Cir.) (fruit and vegetables v. bread); and see opinion of the Court of Appeals below (Pet. 30, footnote 7) and *S. C. Johnson & Son* v. *Johnson*, 266 F. 2d 129, 136-138 (6 Cir.), cert. denied 361 U. S. 820.

The Lanham Act recognizes that there are situations where the concurrent use of similar trademarks is entirely lawful. It provides for concurrent registrations of the same or similar marks to more than one registrant "when a court has finally determined that more than one person

is entitled to use the same or similar marks in commerce" 15 U. S. C. A. § 1052(d). As the Court of Appeals below held (Pet. 35-36), the quoted language was "intended to extend rights of registration to cases like this in which the applicant has engaged in lawful concurrent use of the mark and proposes to continue in the use only on non-competing goods where the likelihood of public confusion and of private harm is slight."

The passages quoted from CALLMANN, UNFAIR COMPETITION AND TRADE-MARKS (Pet. 11-13) do not support petitioners' claim of an absolute right to injunctive relief. Moreover, the views of Callmann, who was one of petitioners' counsel on the appeal below, are actually contrary to those of petitioners. In his treatise, Callmann states: "Those cases involving colliding trade-marks cannot be resolved on considerations of priority alone. • • • When trade-marks collide, there is a patent need for a balancing of interests." 3 CALLMANN, UNFAIR COMPETITION AND TRADE-MARKS (2d ed.), § 76.3(a), pp. 1198, 1199, and see his definition of "colliding trade-marks", *id.*, p. 1197.

Petitioners quote (Pet. 13) the criticism by Walter J. Derenberg, in his recent article, "*The Thirteenth Year of Administration of the Lanham Trademark Act of 1946*", of some of the reasoning of the Court of Appeals in its opinion below. Petitioners fail to call attention to Derenberg's agreement with the result reached by the Court of Appeals. Derenberg stated in parts of his article which petitioners omit to quote (Patent, Trademark and Copyright Weekly Reports, September 12, 1960, Vol. 126, No. 8, Part II, pp. 30, 31):

> "• • • While a reading of both courts' decisions makes it clear that the defendant in this case was neither a deliberate infringer nor an unfair competitor and that, consequently, under the circumstances of this case the plaintiff was not entitled to the relief it had sought, it would still seem diffi-

> cult to subscribe to some of the legal reasoning found in the appellate court's opinion. • • •
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> • • • In other words, while, under the facts of this case, one could hardly quarrel with the result reached by the court, the same conclusion, it is submitted, could more properly have been reached on some of the other grounds stressed in the opinion of the lower court, i.e., particularly plaintiff's acquiescence and laches (and according to the lower court, 'unclean hands'). Or the court might have adopted the district court's view (apparently shared by the Patent Office when it had permitted defendant's application to be passed to publication after having first rejected it in view of plaintiff's registration) that, as a result of defendant's success, high reputation and unmolested use of its mark through many years, the purchasing public was unlikely to associate its products with those of the plaintiff."

Question 1 presented by petitioners (Pet. 19) is an attempt to procure an inexorable and mechanical rule of law without regard to varying fact situations. It ignores what is well known and has been repeatedly stated by the courts, namely, that in the field of trademark infringement and unfair competition, each case is decided on its own distinctive facts. It ignores not only the special, and in many respects unusual, facts of this case, but other considerations as, for example, the statutory defense (*infra*, p. 22), the defense of laches (*infra*, p. 22), and the circumstance that respondents' use of their "Haymaker" mark antedated the Lanham Act by more than two years (Pet. 27). Moreover, the question presented by petitioners rests upon reversal by the Court of Appeals of certain fact findings of the District Court which, we maintain, should not have been disturbed (*infra*, pp. 17-21).

II

The decision of the Court of Appeals below is not in conflict with the decision of any other Court of Appeals.

Petitioners' contention that the cases cited by them (Pet. 7-10) involve "similar facts" (Pet. 20), is completely without basis.

Eighth Circuit

In *Time, Inc.* v. *Life Television Corp.*, 123 F. Supp. 470 (U. S. District Court, Minn.) ["Life" magazine v. "Life" television sets], the junior user "set out with the purpose of trading upon plaintiff's established trademark and deliberately assimilated plaintiff's style in order to do so" (p. 475). Plaintiff established that secondary meaning attached to its trademark, "Life" (*id.*) and that "defendants' business practices are questionable" (p. 477). Petitioners cite no case of the Court of Appeals for the Eighth Circuit. In *Curtis-Stephens-Embry Co.* v. *Pro-Tek-Toe Skate Stop Co.*, 199 F. 2d 407, 415 (8 Cir.), referred to by the District Court in the *Time, Inc.* case (at p. 477 of 123 F. Supp.), the Court of Appeals for the Eighth Circuit cited with approval *Federal Telephone and Radio Corp.* v. *Federal Television Corp.*, 180 F. 2d 250 (2 Cir.), one of the cases relied on by the Court of Appeals below in its opinion (Pet. 31).

Ninth Circuit

In *Sunbeam Furniture Corp.* v. *Sunbeam Corp.*, 191 F. 2d 141, rehearing denied 191 F. 2d 731 ["Sunbeam" household electrical appliances v. "Sunbeam" lamps], the adoption of the similar trademark by the junior user was not in good faith. This appears from the opinion of the District Court which pointed out that the name "was adopted deliberately", and rejected the contention of the junior user "that 'Sunbeam' related to 'California sunshine'" (88 F. Supp. 852, 858). Moreover, the Court of Appeals for the

Ninth Circuit in the *Sunbeam* case expressly stated (p. 144) that the Lanham Act "does not 'stifle all excursions into adjacent markets * * * '", citing *S. C. Johnson & Son* v. *Johnson, supra,* 175 F. 2d 176, 180 (2 Cir.), cert. denied 338 U. S. 860.

In *Safeway Stores* v. *Dunnell,* 172 F. 2d 649, cert. denied 337 U. S. 907 ["Safeway" stores v. "Safe Way" toilet seat covers], the court regarded as a "paramount" consideration the fact that the junior user had prior knowledge of the trademark of the senior user and chose to seek the benefit of its vast expenditures for advertising (p. 656). It adverted to the fact that the "Safeway" mark of the senior user had acquired secondary meaning (p. 654).

In *Stork Restaurant* v. *Sahati,* 166 F. 2d 348 ["Stork Club", New York City v. "Stork Club", San Francisco], the junior user had knowledge of the New York restaurant and sought "to capitalize on the prestige of the senior" (pp. 360-361, 355). The court found that the trade name of the senior user had acquired "high publicity value" and secondary meaning (pp. 356, 358).

Fifth Circuit

As appears from the quotation set forth in the petition (p. 9) from *Pure Foods* v. *Minute Maid Corp.,* 214 F. 2d 792, cert. denied 348 U. S. 888 ["Minute Maid" frozen fruit juices v. "Minute Made" frozen meats], the Court of Appeals for the Fifth Circuit expressly reserved opinion on the adjacent market cases in the Second Circuit. In enjoining the junior user in the *Pure Foods* case, the court considered the reputation and expansion interests of the senior user (pp. 796, 797) and based its decision on the ground that "there was sufficient likelihood of damage" to the senior user (p. 797). The court found that the "Minute Maid" trademark of the senior user had acquired secondary meaning (p. 794).

See also, *Sears, Roebuck and Company* v. *All States Life Insurance Company*, *supra*, 246 F. 2d 161 (5 Cir.), cert. denied 355 U. S. 894.

Seventh Circuit

In *Philco Corp.* v. *F. & B. Mfg. Co.*, 170 F. 2d 958, cert. denied 336 U. S. 945 ["Philco" radios v. "Filko" automotive ignition repair parts], the court affirmed the denial to the plaintiff of an injunction restraining the defendant's use of the brand name Filko.

See also, *California Fruit Growers Exchange* v. *Sunkist Baking Co.*, *supra*, 166 F. 2d 971 (7 Cir.).

Second Circuit

Petitioners refer to Judge Clark's dissent in *Hyde Park Clothes* v. *Hyde Park Fashions*, 204 F. 2d 223, cert. denied 346 U. S. 827, in support of their contention that there is a conflict within the Second Circuit itself. In this regard, it is sufficient to note that Judge Clark was one of the three Circuit Judges (Pet. 22) who unanimously decided the instant case in respondents' favor. If there was a schism within the Second Circuit, it no longer exists. In *S. C. Johnson & Son* v. *Johnson*, *supra*, 175 F. 2d 176 (2 Cir.), cert. denied 338 U. S. 860, and in the *Hyde Park* case, in both of which cases Judge Clark dissented, this Court denied certiorari.

Court of Customs and Patent Appeals

Petitioners refer to the dissent in *Pep Boys—Manny, Moe and Jack* v. *Edwin F. Guth Co.*, 39 C. C. P. A. (Patents) 1015, 197 F. 2d 527 ["Cadet" storage batteries v. "Cadet" electric lighting fixtures]. This dissent mentioned with approval (at p. 529 of 197 F. 2d) the construction of the Lanham Act by the Court of Appeals for the Second Circuit, in the *Johnson* case, *supra*, that "the change wrought

by the Trade-Mark Act of 1946 does not give to the first user of a mark a wholly unjustified power to preempt new markets." The majority opinion allowed concurrent registration.

In *General Shoe Corporation* v. *Hollywood-Maxwell Co.*, 47 C. C. P. A. (Patents)—, 277 F. 2d 169, the Court of Customs and Patent Appeals denied concurrent registration of the trademark "Ingenue" for brassieres because of likelihood of confusion with the registered trademark "Ingenue" for shoes. The *General Shoe* case was decided under the first part of the proviso of 15 U. S. C. A. § 1052(d). In the instant case, concurrent registration was allowed under the broader, second part of the said proviso (Pet. 34-36).

In the recent case of *Richfield Oil Corporation* v. *Dieterich Field, Inc.*, 47 C. C. P. A. (Patents)—, 279 F. 2d 885 ["Richfield" gasoline v. "Richfield" hosiery], decided June 29, 1960, the Court of Customs and Patent Appeals (pp. 886-887) quoted with approval (and with emphasis) the very rule of the Court of Appeals for the Second Circuit in the *Johnson* case, *supra*, which is quoted in this brief (*supra*, p. 9) and which petitioners seek to overturn. The *Richfield* decision also cites and quotes from this Court's opinion in *American Steel Foundries* v. *Robertson*, 269 U. S. 372, 380.

The sole reason specified by petitioners for the granting of a writ of certiorari is that the decision of the Court of Appeals below is in conflict with the decisions of other Courts of Appeals (Pet. 20). There is no such conflict. Moreover, in view of the facts as found below, it is difficult to conceive how this case could have been decided in any way other than for the respondents by any other Court of Appeals or indeed by any court in the land.

III

Petitioners' argument that as first user of the "Haymakers" trademark they have an absolute right to enjoin its use on related goods where there is some likelihood of confusion, is also untenable because this argument is based upon erroneous factual premises.

Petitioners' argument that as first user of the "Haymakers" trademark they have an absolute right to enjoin its use on related goods where there is some likelihood of confusion, is based factually on the findings of the Court of Appeals (a) that petitioners were the senior user of the "Haymakers" trademark, (b) that the goods of the parties are related, and (c) that there is some likelihood of confusion, although slight (*supra*, p. 8).

Respondents are entitled to urge in support of the judgment below that the contrary findings of the District Court on these issues should not have been disturbed by the Court of Appeals. *Walling* v. *General Industries Co.*, 330 U. S. 545.

First User

The District Court found that in 1945, when respondents selected and began to use their "Haymaker" sportswear trademark, petitioners' "Haymakers" shoe name was a style or pattern name and not a trademark symbolizing source or origin, and was generally latched or tacked on to "Avonette", the principal trademark of petitioner Avon Shoe Co., Inc., to take advantage of the good will of the better known "Avonette" name (R. 496a; F-8, R. 514a). This finding of fact by the District Court was amply supported by petitioners' own advertising exhibits and the testimony of petitioners' own witness (R. 14b-18b). It was not "clearly erroneous" (Rule 52(a), F. R. C. P.) and should not have been disturbed by the Court of Appeals.

Unrelated Goods

The goods of the parties were not related in any relevant sense. As the District Court found, petitioners' comfortable moccasin walking shoe and respondents' fashionable and stylish line of sportswear "attract different segments of the feminine purchasing public" (F-32, R. 527a).

Petitioners' moccasin shoes are products of the shoe industry and respondents' sportswear, products of the women's garment industry (F-28, R. 525a). Women's shoes and sportswear are selected and ordered by different merchandise buyers and are sold in different departments (F-22, R. 522a). Petitioners' moccasin shoes are keyed to comfort rather than style, whereas respondents' sportswear is highly stylish and fashionable (Pet. 29). In light of the foregoing facts, the District Court's finding that the goods of the parties are not related was not "clearly erroneous" (Rule 52(a), F. R. C. P.) and should not have been disturbed by the Court of Appeals. See the following cases which find various items in the broad field of apparel and accessories unrelated: *Gort Girls Frocks, Inc.* v. *Princess Pat Lingerie, Inc.*, 73 F. Supp. 364 (S. D. N. Y.) [women's dresses and lingerie v. women's and junior misses' dresses]; *Ex parte Maya de Mexico*, 103 U. S. P. Q. 158 (C. P.) [women's tropical lightweight clothing v. women's cloth coats]; *L. Nachman & Son, Inc.* v. *E. Lasner, Inc.*, 46 C. C. P. A. (Patents) 780, 263 F. 2d 342 [women's fur scarves v. women's textile aprons]; *Peter Pan Foundations, Inc.* v. *Brown*, 121 U. S. P. Q. 637 (P. O.) [women's aprons, tainbonnets and rain gloves v. brassieres]; *Martinique Shoes, Inc.* v. *Somersville Mfg. Co.*, 116 U. S. P. Q. 421 (C. P.) [woolen piece goods manufactured into coats v. shoes].

Absence of Likelihood of Confusion

Likelihood of confusion is a question of fact [*The Federal Glass Company* v. *Loshin*, 224 F. 2d 100, 101 (2 Cir.); *S. C. Johnson & Son* v. *Johnson*, *supra*, 266 F. 2d 129, 142

(6 Cir.), cert. denied 361 U. S. 820] which can be answered only by an analysis of the "conditions in the market place," as disclosed by the record (R. 502a). After making such an analysis, the District Court found that there is no likelihood of confusion between the products of the parties (F-31, R. 526a-527a; F-33, R. 527a-528a).

In reversing this finding of the District Court, the Court of Appeals placed undue emphasis on the fact that in some retail stores both petitioners' moccasin shoe and respondents' sportswear are sold (Pet. 28). Where the trade channel is a department or specialty store selling a variety of products which the public knows do not come from a common source, the identity of marketing channels is of little significance. Cf. *National Fruit Products Co., Inc.* v. *Dwinell-Wright Co.*, 47 F. Supp. 499, 507-508 (D. Mass.), aff'd 140 F. 2d 618 (1 Cir.); *California Fruit Growers Exchange* v. *Sunkist Baking Co., supra*, 166 F. 2d 971, 974 (7 Cir.); *G. B. Kent & Sons, Limited* v. *P. Lorillard Co.*, 114 F. Supp. 621, 629, aff'd 210 F. 2d 953 (2 Cir.); *Hyde Park Clothes* v. *Hyde Park Fashions, supra*, 204 F. 2d 223 (2 Cir.), cert. denied 346 U. S. 827 (Appendix to Appellant's Brief in the Court of Appeals, p. 29). Moreover, as the District Court found, "the percentage of overlap in the same marketing channels used by plaintiffs and defendants is less than one percent" (F-22, R. 522a: R. 496a).

The Court of Appeals referred to the "evidence that a number of well known trade marks in the women's apparel field—Dior, Capezio, Jantzen and Schiaparelli—are used to denote a common source for shoes and sportswear" (Pet. 28). But petitioners' "Haymakers" shoe name was at no time a famous or well known name (R. 498a; F-29, R. 525a). The business policy of the owners of the mentioned, well known trademarks to capitalize on them by licensing others for a vast variety of products (R. 438a, 448a) has no bearing on this case.

The Court of Appeals cited two items which it regarded as "innocent, but confusing promotion" (Pet. 29). The court referred to the adjacent advertisements of petitioners' "Haymakers" shoes and respondents' "Haymaker" sportswear by the Kreeger store in the Times-Picayune, New Orleans, of June 9, 1952. But respondents' "Haymaker" sportswear line was being sold in Kreeger's about three years before petitioners' "Haymakers" shoes were first introduced into that store (F-24, R. 523a). The Court of Appeals also referred to the pictures of the parties' products on facing pages of a national fashion magazine, each identified by the editorial credit, "by Haymaker". This occurred in only three out of the ninety-six issues of women's magazines in which respondents' "Haymaker" sportswear has been commented upon editorially, and the District Judge characterized these three instances as *de minimis* (F-33, R. 528a).

The striking fact that during the seven year period of concurrent use of the "Haymaker" and "Haymakers" names prior to 1953 when this suit was instituted "no one appears to have been actually deceived is strongly probative that there is no likelihood of deception or confusion." *Societe Anonyme, etc.* v. *Julius Wile Sons & Co., Inc.*, 161 F. Supp. 545, 548 (S. D. N. Y.); *Eastern Wine Corp.* v. *Winslow-Warren, Ltd.*, 137 F. 2d 955, 959-960 (2 Cir.), cert. denied 320 U. S. 758.

In proceedings before the Patent Office on the applications to register the "Haymakers" mark for shoes, petitioners repeatedly argued that shoes and gloves were different goods, sold in different departments, and "sufficiently dissimilar" to preclude confusion (R. 84b-87b).

In connection with respondents' pending application for registration of the mark "Haymaker" on sportswear, the Patent Office has found that the respondents' "Haymaker" sportswear trademark is not "confusingly similar" to petitioners' registered marks (*supra*, pp. 5-6).

The District Court's findings with respect to petitioners' borrowing of the "Haymakers" shoe mark from a glove manufacturer and petitioners' agreements with other parties permitting the use of the "Haymakers" mark for handbags in conjunction with the firm names of such other parties (R. 496a; F-8, R. 514a; F-13, R. 516a; R. 504a-507a, 535a, 509a) were not disturbed by the Court of Appeals. Where a trademark owner has entered into an agreement with another firm providing for the joint and concurrent use of the trademark on different products, the courts have rejected claims of confusion when the same mark has been used by a third party on other products. *California Fruit Growers Exchange* v. *Sunkist Baking Co.*, *supra*, 166 F. 2d 971, 975 (7 Cir.); *Campbell Soup Co.* v. *Armour & Co.*, 81 F. Supp. 114 (E. D. Penn.), aff'd 175 F. 2d 795 (3 Cir.), cert. denied 338 U. S. 847.

In light of all of the foregoing, the finding of the District Court that there was no likelihood of confusion was fully supported by the record. It was not "clearly erroneous" (Rule 52(a), F. R. C. P.) and should not have been disturbed by the Court of Appeals.

Reinstatement of the reversed findings of the District Court would deprive petitioners of the factual basis of their legal argument (dealt with *supra*, pp. 9-12) that as first user of the "Haymakers" trademark, they have an absolute right to enjoin its use on related goods where there is some likelihood of confusion.

IV

The judgment below is sustained by the defense of laches and the statutory defense under 15 U. S. C. A. § 1115(b)(5).

The District Court found that petitioners were "guilty of inexcusable delay before instituting this action" (R. 510a). In addition to the "inexcusable delay", there are present in this case elements of equitable estoppel, consisting of respondents' intervening change of position resulting from the expenditure of time, money and effort in building up a substantial business (R. 498a). *Hanover Star Milling Company* v. *Metcalf*, 240 U. S. 403, 419; *Emerson Electric Mfg. Co.* v. *Emerson Radio & Phonograph Corporation*, 105 F. 2d 908, 911 (2 Cir.), cert. denied 308 U. S. 616. Callmann, *Constructive Notice and Laches*, 42 T. M. R. 395, 400. In reaching their decisions adverse to petitioners, both of the courts below found it unnecessary to pass upon the defense of laches. Laches is a complete bar to the injunctive relief sought by petitioners.

The statutory defense under 15 U. S. C. A. § 1115(b)(5) is available where a trademark charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used from a date prior to the publication of the registered mark. This statutory defense was sustained by the District Court below (R. 503a-504a). The Court of Appeals found it unnecessary to consider whether the District Court was correct in ruling that respondents had established the statutory defense (Pet. 32-33). The statutory defense is also a complete bar to the injunctive relief sought by petitioners.

Respondents may, of course, urge these defenses in support of the judgment below. *Walling* v. *General Industries Co.*, *supra*, 330 U. S. 545, 547 (footnote 5); *United States* v. *American Ry. Express Co.*, 265 U. S. 425, 435.

Conclusion

On the record and in view of the applicable precedents, the result below is clearly correct and not in conflict with the decision of any other Court of Appeals.

If petitioners, armed with the injunction they seek in this action, were to be placed in position either to market women's sportswear under the "Haymakers" mark or to license others to do so, not only would petitioners reap the harvest which respondents have sown in good faith for about fifteen years, but petitioners would be enabled to commit a gross fraud and deception upon a public accustomed to purchase respondents' "Haymaker" sportswear. In the language of Judge Learned Hand, petitioners should not be allowed "to reach a choking hand into a market not its own." *S. C. Johnson & Son* v. *Johnson, supra*, 175 F. 2d, 176, 180, cert. denied 338 U. S. 860.

The petition for writ of certiorari should be denied.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960

No. 441.

AVON SHOE CO., INC. and HAYMAKER SHOE CORP.,

Petitioners,

against

DAVID CRYSTAL INC., HAYMAKER SPORTS, INC., *et al.*,

PETITIONERS' REPLY TO RESPONDENTS' BRIEF.

Respondents' brief, in opposition to the Petition for a Writ of Certiorari, misconceives the nature thereof and injects an irrelevant discussion of the factual issues, to support the respondents' conclusion (Resp. Br. p. 12) that the question presented by the Petition, "rests upon reversal by the Court of Appeals of certain fact findings of the District Court which should not have been disturbed" (infra pp. 17-21). We shall not dignify this obvious attempt to reargue the facts and to obfuscate the basic issues, presented by the Petition, by replying thereto.

Petitioners respectfully insist that the affirmance of the District Court's denial of injunctive relief, after the Court of Appeals had reversed one of its critical findings (on the likelihood of confusion between related goods identically trademarked), and had directly criticized others, has resulted in an interpretation of the Lanham Act which is inconsistent with the interpretations of other Circuits.

In effect, the Court of Appeals for the Second Circuit has now ruled as follows: We have found likelihood of confusion on closely related goods, but, despite the plain language of the Lanham Act, 15 U. S. C. A. 1114 (1) entitling Petitioners to relief on that basis, we go further—We insist that Congress has not expressed its intent clearly and that in our Circuit, at least, Petitioners must also establish the possibility of future expansion into Respondents' field (i.e., actual competition in the likely future) or that Respondents' activities may taint or tarnish Petitioners' mark. We respectfully submit that the statutory test of likelihood of confusion as prescribed by the Lanham Act, read literally, liberally or otherwise has thus been rendered meaningless. No other Circuit Court has appended any such requirement to that section of the Lanham Act and other Circuit Courts have clearly indicated that they do not subscribe to such views. Respondents' labored attempts to distinguish the facts of the cases, cited in the Petition for Certiorari, which establish the conflict among the Circuits in the interpretation of this basic provision of the Lanham Act, neither detracts from nor disproves the existing conflict.

A startling indication of the effect of the decision of the Circuit Court in the instant case is evidenced by the recent decision of the District Court for the Southern District of New York in *Triumph Hosiery Mills Inc.* v. *Triumph International Corp. et al.*, decided July 15, 1960, 126 U. S. P. Q. 233. There, in reliance on the instant decision of the Circuit Court, a motion for a preliminary injunction was denied, because "the plaintiff does not market goods which compete with defendants", the Court saying:

> "I have not at all mentioned likelihood of confusion. This has not resulted from inadvertence but from

the fact that, under the circumstances presented, *likelihood of confusion is irrelevant.* In the Avon case the Court of Appeals held that likelihood of confusion had been established. Nevertheless an injunction was denied. As I have pointed out above, the position of the defendants comes squarely within the rationale of the Avon Case." (italics added)

Carried to its logical extreme, if under the decision of the Court of Appeals in the instant case, likelihood of confusion is no longer relevant, then Congress has not "in rather plain language created a right of action whenever an unauthorized use of a registered mark is likely to cause confusion or mistake or to deceive purchasers as to the source of origin" as was said, in *Time Life Inc.* v. *Life Television*, 123 F. Supp. 470, 476. A Supreme Court pronouncement on this significant feature of the Lanham Act is, as all commentators say, and as we respectfully submit now, essential.

Respectfully submitted.

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MAX BLOCK, JR.